


**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** JUL -5 2005

**SUBJECT:** Fiscal Impact Statement: "Excepted Service Employees  
Compensation System Changes Approval Resolution of 2005"

**REFERENCE:** Public Resolution 16-295 as Introduced

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**Conclusion**

Funds are sufficient in the FY 2005 budget and the FY 2006 through FY 2009 budget and financial plan as agreed to by the Council of the District of Columbia (Council) to implement the provisions of the proposed resolution. No additional resources will be required.

**Background**

The proposed resolution would approve a compensation system increase recommended by the Mayor. The compensation increases would affect 252 employees in the population of the general District government. This population of employees has a \$22.1 million aggregate annual salary. The compensation increases include the following provisions:

- An increase to base wages of 3.5 percent effective July 2005;
- Move to a broad-band pay schedule in July 2005;
- An increase to base wages of 3.0 percent effective October 1, 2005;
- An increase to base wages of 3.0 percent effective October 1, 2006;
- An increase to base wages of 3.0 percent effective October 1, 2007;  
and
- An increase to base wages of 3.0 percent effective October 1, 2008.

### Financial Plan Impact

Funds are sufficient in the FY 2005 budget and the FY 2006 through FY 2009 budget and financial plan as agreed to by the Council to implement the provisions of the proposed approval resolution. No additional resources will be required.

The gross costs of implementing the agreement in FY 2005 are approximately \$222,900. The local portion of this amount is approximately \$181,000.<sup>1</sup> The following table presents the personnel services costs associated with implementing the provisions of the proposed resolution.

Expenditure Impact to the Financial Plan					
(\$ in Millions)					
FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	5 - Year Total
\$0.18	\$1.36	\$2.05	\$2.73	\$3.43	\$9.75

Fringe benefits are assumed to be 15 percent of base wages. Actual merit-based increases may not match the assumptions used to project the overall fiscal effects of implementing the proposed resolution.

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<sup>1</sup> The D.C. Retirement Board determines local funding requirements periodically through an actuarial study. Adjustments are a funding requirement to the third subsequent fiscal year following implementation to maintain an account's full or 100 percent funding status. The authority to expedite or request an actuarial study falls under the authority of the District's City Administrator. The District's Chief Financial Officer has no staff or resources for actuarial operations purposes.